

LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS
301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 6298

BILL NUMBER: HB 1838

DATE PREPARED: Nov 12, 1998

BILL AMENDED:

SUBJECT: Unserved townships and library districts.

FISCAL ANALYST: Beverly Holloway; Bob Sigalow

PHONE NUMBER: 232-9851; 232-9859

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Local

Summary of Legislation: This bill provides two different procedures for a township that does not have territory in a library district to join an existing library district: (1) by legislative body resolution; or (2) by an election on a public question.

Effective Date: July 1, 1998.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures: Currently there are 259 townships that do not have territory in a library district. This bill establishes two different procedures to allow a township to join an existing library district.

The first procedure provides that a township legislative body may pass a resolution allowing the township to join an existing library district that is named in the resolution. Upon the passage of the resolution, the township trustee shall do the following: 1) file a copy of the resolution with the library board of the library district named in the resolution; and 2) within 10 days after the filing of the resolution, publish notice of the filing in a newspaper of general circulation. The bill provides that within 24 months after the publication of the notice, any registered voter in the township may file a petition in favor of or a remonstrance against the township joining the library district. The bill designates requirements of the Clerk of the Circuit Court regarding the petition or remonstrance. These provisions can be done within the existing budget.

The second procedure is to be implemented if the township legislative body fails to adopt the resolution described above. It allows for a local public question to be placed on the ballot at the next general, special, or primary election held in the township. This provision can be done within the existing budget.

The bill provides stipulations if the petition of ballot is favorable or if a remonstrance is filed or the ballot question is voted down. In both procedures, the consent of the library board is not required for a township to join a library district.

Explanation of Local Revenues: If a township joins a library district there could be an impact on the property tax levy of the library . There would also be an impact on the property tax rate paid by the taxpayers in the township. The addition of the township's assessed value (AV) to the library's AV base would allow the library to ask the Local Government Property Tax Control Board to re-establish the library's maximum levy at a higher amount commensurate with the AV increase.

If the Control Board honors the request and the library increases the levy, then the tax rates of the existing library taxpayers will not be affected and the township taxpayers' property tax rates would increase by the amount of the library's existing tax rate. If the Control Board does not honor the library's request or if the library chooses not to increase the levy then the tax rates of the existing library taxpayers would be reduced and the township taxpayers' tax rates would increase by an amount that is less than the library's existing tax rate, creating a shift of the tax burden from the existing library taxpayers to the township taxpayers.

In 1997, the 259 townships that did not have territory in a library district represented \$3.8 billion in assessed value which is 7.6% of the state total AV (\$49.8 billion). The actual fiscal impact depends on local action and also on Local Government Property Tax Control Board action.

State Agencies Affected: State Board of Tax Commissioners; Local Property Tax Control Board.

Local Agencies Affected: Townships; Libraries; Clerk of the Circuit Court; County Election Board.

Information Sources: Local Government Database.